



BOARD OF SUPERVISORS

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**WILLIAM LOOS, M.D.**  
Acting Senior Medical Officer

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES  
313 N. Figueroa, Los Angeles, CA 90012  
(213) 240-8101

February 9, 2006

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**LAC+USC MEDICAL CENTER REPLACEMENT FACILITY  
APPROVAL OF CHANGES IN PHARMACY PURSUANT TO USP 797 AND  
AUTHORIZATION OF RELATED CONSTRUCTION CHANGE ORDER  
SPEC. 6550; (C.P. NO. 70787)  
(First District) (4 Votes)**

JOINT RECOMMENDATIONS WITH THE CHIEF ADMINISTRATIVE OFFICER AND THE  
DIRECTOR OF PUBLIC WORKS THAT YOUR BOARD:

1. Approve the design and construction changes necessary to redesign the pharmacy in the Diagnostic and Treatment building at an additional cost of \$620,000. The amount includes \$526,509 in estimated additional construction cost, \$84,491 in estimated architectural design fees and \$9,000 in estimated miscellaneous permitting fees. The Department of Health Services (DHS) will fund \$620,000 from the Fiscal Year 2005-06 LAC+USC Medical Center Operating Budget.
2. Approve and authorize the Director of Public Works to execute a change order to Agreement PW-12641 with McCarthy/Clark/Hunt (MCH), a Joint Venture, for construction work necessitated by new standards in United States Pharmacopoeia 797 (USP 797), or to pursue the work through an alternate contracting strategy for changes in the pharmacy, for an estimated not-to-exceed amount of \$526,509.

3. Approve the enclosed appropriation adjustment in the amount of \$620,000 to allocate funding from Fiscal Year 2005-06 LAC+USC Medical Center Operating Budget to the Fiscal Year 2005-06 LAC+USC Medical Center Replacement Facility Capital Project for the cost of the recommended changes.
4. Approve the revised project budget of \$823,286,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of the recommended actions is to ensure that the pharmacy in the LAC+USC Medical Center Replacement Facility is in compliance with USP 797 and to provide the financing for these requested changes.

Effective January 2005, USP 797 mandated new standards for the compounding of sterile preparations, intravenous solutions, and chemotherapy drug preparation rooms. The purpose of these regulations is to prevent harm and fatality to patients that could result from microbial contamination (nonsterility), excessive bacterial endotoxins, large content errors in strength or correct ingredients, and incorrect ingredients in the compounding of sterile preparations. These requirements translate to creating a "clean room" in which to prepare these solutions; commensurate wall and door changes; and changes to the heating, ventilation, and air conditioning (HVAC) system.

The effective date for full compliance with these standards is January 2008. However, LAC+USC Medical Center has already been put on notice by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) that the replacement facility must be in compliance upon opening.

If the required changes were made after the LAC+USC Medical Center assumes beneficial occupancy of the new building, it would be more expensive and would delay the effective move-in date because approval of the hospital license would be delayed.

Construction Change Order

The above recommended changes will require a change order to the construction contract. The preliminary estimate for these construction changes is not expected to exceed \$526,509. This estimate is based on a conceptual design. Following your Board's approval, Public Works will issue proceed orders for a portion of this work and prior to final cost negotiations to avoid delay impact. If it is found, after negotiations with MCH, that the final value of the change order exceeds the estimated cost, we will return to your Board for further approval. Public Works is also reviewing alternate methods for implementing this change in a timely and cost-effective manner.

Implementation of Strategic Plan Goals

The actions meet the County Strategic Plan Goal of Service Excellence by promoting best practice in patient care and the Goal of Fiscal Responsibility by investing in the public infrastructure.

Consistency with DHS System Redesign

These actions meet the Department's strategic goals by improving the health care provided by DHS and enhancing the health of the residents of Los Angeles County.

FISCAL IMPACT/FINANCING:

On December 20, 2005, your Board approved a revised total project budget of \$822,666,000. The total estimated cost for these changes, in the amount of \$620,000 is funded from the Fiscal Year 2005-06 LAC+USC Medical Center Operating Budget. As a result of these changes, the revised total cost of the project is \$823,286,000. The Project Schedule and Budget Summary are included as Enclosure A.

The project budget is funded from the combination of Federal Emergency Management Agency (FEMA) grant and short- and long-term borrowing.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The proposed change order requires your Board's approval because it is expected to exceed the \$150,000 limit delegated to the Director of Public Works pursuant to Public Contract Code Section 20142.

ENVIRONMENTAL DOCUMENTATION:

On June 6, 2000, your Board certified the Environmental Impact Report/Environmental Assessment (EIR/EA) for the project. On June 7, 2000, FEMA issued a Finding of No Significant Impact for the project and approved the EIR/EA. The recommended changes to the project do not result in any environmental impacts that are not considered in the approved EIR/EA.

CONTRACTING PROCESS:

Design Services

On October 1, 1998, your Board awarded Agreement PW-11875 for \$45,025,000 to Hellmuth, Obata, Kassabaum + Lee, Burkhart, Liu (HOK+LBL) to provide architectural design services, construction administration, and medical equipment planning for the LAC+USC Medical Center Replacement Facility. The Agreement contains an allowance for additional services, which may be required and that are approved for use by Public Works.

HOK+LBL has reviewed the scope of work and submitted separate proposals for these supplemental services for a not-to-exceed fee of \$84,491, which includes \$10,868 for the study and initial design requirements and \$73,623 for the conceptual and final redesign services. Public Works considers the fees to be fair and reasonable for the work involved and has utilized a portion of the allowance to fund the study and initial design work. Public Works will also issue a Supplemental Agreement to complete the remaining work required under delegated authority. The total amount of these services will be funded by DHS.

Construction

On December 3, 2002, your Board awarded Agreement PW-12461 to MCH for \$497,883,000, to construct the LAC+USC Medical Center Replacement. As a result of this proposed change, the contractor must provide work beyond that included in the contract documents. Implementing the proposed changes now will mitigate higher construction costs at a later date due to the impact of work area availability and schedule delays. The full scope of work cannot be assessed accurately until the architect has completed the design. If the construction cost exceeds \$526,509, we will return to your Board for approval of the final cost associated with this work.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

The existing hospital and all patient care services will remain operational throughout the entire construction period. The project specifications include instructions to the contractor to comply with specific construction constraints from the EIR/EA that will be used to control construction generated dust, noise, and traffic within acceptable thresholds.

Upon approval by your Board, the Executive Officer of the Board of Supervisors is requested to return three adopted copies to this letter to the DHS, Chief Administrative Office (Capital Projects), and Public Works.

Respectfully submitted,



BRUCE A. CHERNOF, M.D.  
Acting Director and Chief Medical Officer



DAVID E. JANSSEN  
Chief Administrative Officer



for DONALD L. WOLFE  
Director of Public Works

BAC:DEJ:DLW:ame

Attachments (2)

c: County Counsel  
Executive Officer, Board of Supervisors  
Auditor-Controller  
Office of Affirmative Action Compliance

**ENCLOSURE A**

**LAC+USC MEDICAL CENTER REPLACEMENT FACILITY  
APPROVAL OF CHANGES IN PHARMACY PURSUANT TO USP 797 AND  
AUTHORIZATION OF RELATED CONSTRUCTION CHANGE ORDER  
SPEC. 6550; (C.P. NO. 70787)**

**I. PROJECT SCHEDULE**

<b>Project Activity</b>	<b>Scheduled Completion Date</b>	<b>Actual Completion Date</b>
Board Award Design Contract	07/98	07/98
Construction Documents	09/00	09/00
Jurisdictional Approvals	05/02	05/02
Award of Construction	12/03	12/03
Construction Start	01/03	01/03
Acceptance of Project	06/07	

**II. PROJECT BUDGET SUMMARY**

<b>Budget Category</b>	<b>Current Board Approved Budget</b>	<b>Impact of this Action</b>	<b>Revised Project Budget</b>
<b>Land Acquisition</b>	\$ 12,250,000	\$ 0	\$ 12,250,000
Make Ready (Bid Package A-1)	\$ 9,800,000	\$ 0	\$ 9,800,000
<b>Construction</b>			
Site Preparation	\$ 11,813,750	\$ 0	\$ 11,813,750
Remaining Construction Work			
(a) Base Bid	\$497,883,000	\$ 0	\$497,883,000
(b) Base Isolator Bearings	\$ 814,626	\$ 0	\$ 814,626
(c) Contingency	\$ 55,979,027	\$526,509	\$56,505,536
Remaining Work Subtotal	\$554,676,653	\$526,509	\$555,203,162
<b>Construction Total</b>	<b>\$566,490,403</b>	<b>\$526,509</b>	<b>\$567,016,912</b>
Equipment (Medical, Telecommunications/Data, and FFE)	\$ 82,257,597	\$ 0	\$82,257,597
Architectural Services	\$ 49,859,000	\$84,491	\$49,943,491
Consultants and Vendor Services	\$ 72,498,000	\$ 0	\$ 72,498,000
Permits and Fees	\$ 9,177,000	\$9,000	\$9,186,000
County Services	\$ 20,334,000	\$ 0	\$ 20,334,000
<b>TOTAL</b>	<b>\$822,666,000</b>	<b>\$620,000</b>	<b>\$823,286,000</b>

## COUNTY OF LOS ANGELES

## REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. No. \_\_\_\_\_

DEPARTMENT OF Health ServicesDATE 02/07/2006

## AUDITOR CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

## ADJUSTMENT REQUESTED AND REASONS THEREFOR

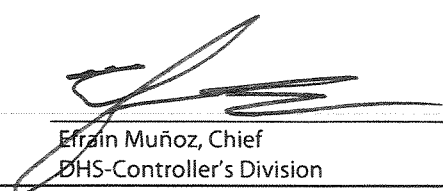
Fiscal Year 2005-06  
4-VOTE

Please see attached for details.

## JUSTIFICATION:

This budget adjustment is to transfer funding from the LAC+USC Medical Center operating budget to the LAC+USC Medical Center Replacement Facility Capital Project to fund a change request to create a clean room for compounding sterile preparations.

EM:js  
02/07/06

  
Efraín Muñoz, Chief  
DHS-Controller's Division

## CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF  
ADMINISTRATIVE OFFICER  
FOR:

☐ ACTION  
☒ RECOMMENDATION

AUDITOR-CONTROLLER No.

267

BY: Helen Tang  
FEB. 8, 2006

APPROVED AS REQUESTED ☐ AS REVISED ☐FEB 9, 2006APPROVED (AS REVISED):  
BOARD OF SUPERVISORS

  
CHIEF ADMINISTRATIVE OFFICER

BY: \_\_\_\_\_  
DEPUTY COUNTY CLERK

SEND 6 COPIES TO THE AUDITOR-CONTROLLER

DEPT OF HEALTH SERVICES  
BUDGET ADJUSTMENT  
FY 2005-06

Dept No. 160

(4-VOTE)  
FY 05-06

**Sources:**

LAC+USC Healthcare Network  
MN4-HG-60010-1000  
Salaries & Employee Benefits \$620,000

LAC+USC Replacement Project  
J17-CP-70787-9919  
Operating Transfers In - CP \$620,000

Total \$1,240,000

**Uses:**

LAC+USC Healthcare Network  
MN4-HG-60010-6100  
Other Financing Uses \$620,000


LAC+USC Replacement Project  
J17-CP-70787-6014  
Buildings & Improvements \$620,000

Total \$1,240,000

**Justification:**

This budget adjustment is to transfer funding from the LAC+USC Medical Center operating budget to the LAC+USC Medical Center Replacement Facility Capital Project to fund a change request to create a clean room for compounding sterile preparations.

EM:js  
2/7/06

  
Efrain Munoz, Chief  
DHS-Controller's Division